

COMPLETION OF INDIRECT COST RATE FORMS

All calculation forms are contained in one excel file and can be downloaded at <http://www.nj.gov/njded/finance/fp/af/>. The district certification form that must accompany the calculations can also be downloaded from this website.

To ensure accuracy of the indirect cost rate calculation please complete the worksheets in the order listed below. Cells which accept data entry are highlighted in yellow. Note that the Data Entry Worksheet is linked to the subsequent worksheets and contains calculations using the data from these worksheets. Therefore the subsequent worksheets must be completed to ensure accuracy of the rate calculation. The unallocated benefits worksheet must be completed in order for the Data Entry Worksheet line entitled “Total General Fund Expenditures” to agree to the CAFR line of same name.

Amounts to be entered on these forms are as follows: For districts using the pre-GASB 34 Model, the amounts should be taken from the actual column on the “Comparative Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual”, which is report B-2 on the CAFR outline. For districts using the GASB 34 Model, the amounts should be taken from the actual column on the “Budgetary Comparison – General Fund”, which is report C-1 on the CAFR outline.

Data Entry Worksheet:

In cell C7 enter county and E7 enter district. Enter the 2002-03 actual data into column 4, titled “FY 2002-03 Total Expenditures”, directly from the FY 2002-03 CAFR with the exception of certain lines as summarized below:

Function	Object	Directions
230	100 –Salaries	Salaries for the Superintendent and staff and BOE are reported separately.
230	339 – Other Purchased Services	Audit Fees are reported separately.
230	530 – Communications/Telephone	Communications/Telephone for BOE, Superintendent and staff and all other communications are reported separately on three lines.
291	All objects – Fringe Benefits	Report fringe benefits for function 230 and 290 in applicable section on Data Entry worksheet. Access worksheet titled, “Unallocated Benefits” and enter totals for all objects. Do not enter data into the Data Entry Worksheet category titled, <i>Unallocated Benefits – Except Functions 230 & 290</i> . Formula will calculate amounts.

	Total General Fund Expenditures	Must equal amount in CAFR.
	Debt Service Fund	Enter the sum of objects 830,833 and 834.
	Capital Projects Fund	Enter amount from Interest Income (30-1510).

Terminal Leave Worksheet:

Enter in column 4, titled “Terminal Leave”, any terminal leave benefits (i.e. buyout) that are recorded in any of the listed functions in objects 101-110 (salaries). Under the section titled “Unallocated Benefits” enter any payments representing unused sick time recorded in object 290 that relate to all employees except those in functions 230 (Support Services – General Administration) & 290 (Business and Other Support Services).

OMB Circular A-87 Attachment B (11)(d)(3) states, “payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.” When an LEA makes a short-term offer of termination benefits to an employee and the offer is accepted, the current portion of the offer is recorded in the applicable salary account. Unused sick leave for retirees or employees that terminate is recorded in 11-000-XXX-290, Other Employee Benefits.

2004-05 Form R-1 (Restricted):

The only data entry necessary is to enter in column 5, “Direct/Disallowable Costs” under function 290 (Business and Other Support Services), object 330 (Purchased Professional Services) any amounts relating to public relations that fall under the definition of unallowable costs in OMB Circular A-87 Attachment B (2)(e). No other data entry necessary.

Note regarding interest calculations on the R-1 form: The sum of Lease Purchase Agreement and Debt Service Fund interest, less any interest earned in the Capital Projects Fund, is direct/disallowed. If the interest earned is greater than the interest expense, then the amount is excluded. Formulas on the interest expense lines will reflect the direct/disallowed amounts and the excluded amounts based on calculations using interest income entered on the Data Entry Worksheet.

2004-05 Form U-1 (Unrestricted):

No data entry necessary.

Note regarding interest calculations on the U-1 form: The sum of Lease Purchase Agreement and Debt Service Fund interest, less any interest earned in the Capital Projects Fund, is direct/disallowed. If the interest earned is greater than the interest expense, then the amount is

excluded. Formulas on the interest expense lines will reflect the direct/disallowed amounts and the excluded amounts based on calculations using interest income entered on the Data Entry Worksheet.

Carry-Forward Computation (CFC) – Restricted:

Enter in column 2 (FY 2002-03) to the left of letter (A) the amount of **Direct/Disallowed Costs** from your FY 2002-03 **approved Restricted** indirect cost rate application (Grand Total - column 5). Enter in column 1 (FY 2002-03) to the right of the cell titled, “Indirect Costs,” the amount of **Indirect Costs** from your FY 2002-03 **approved Restricted** indirect cost rate application (Grand Total - column 7). If you did not apply for an indirect cost rate in FY 2002-03 please leave blank.

Carry-Forward Computation (CFC) – Unrestricted:

Enter in column 2 (FY 2002-03) to the left of letter (A) the amount of **Direct/Disallowed Costs** from your FY 2002-03 **approved Unrestricted** indirect cost rate application (Grand Total - column 5). Enter in column 1 (FY 2002-03) to the right of the cell titled, “Indirect Costs,” the amount of **Indirect Costs** from your FY 2002-03 **approved Unrestricted** indirect cost rate application (Grand Total - column 7). If you did not apply for an indirect cost rate in FY 2002-03 please leave blank.

Submission of Forms:

After completion of all forms as described above, email the indirect cost forms excel file to Stephanie.Gorman@doe.state.nj.us. In addition, the certification form must be signed by the Chief School Administrator and School Business Administrator/Board Secretary and submitted to:

New Jersey Department of Education
Fiscal Policy & Planning, Division of Finance
PO Box 500
Trenton, New Jersey 08625-0500
Attention: Stephanie Gorman

After the forms have been reviewed, you will receive the “APPROVAL FOR INDIRECT COST RATE” form, which will contain your approved restricted and unrestricted indirect cost rates. The restricted rate is found in the excel file on the tab entitled “CFC-Restricted”, column 4 item (C). The unrestricted rate is found in the excel file on the tab entitled “CFC-Unrestricted”, column 4 item (C).